Miscellaneous Programs

Fire Administration [010-3510] Employee Assistance Programs [240-2610]

Internal Services

Information Systems [730-2520]

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Equipment Replacement [790-8500]

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Fire Administration [010-3510]

ACTIVITY DESCRIPTION

This activity funds the City's contract with the Santa Clara County Fire Department (SCCFD) which provides fire suppression and emergency medical services to the Morgan Hill community.

FY 2006/07 HIGHLIGHTS

- Negotiated a contract extension with SCCFD until September 30, 2009.
- Maintained an average response time of less than 8 minutes 100% of the time
- Provided guaranteed paramedic-level emergency medical service in Morgan Hill

FY 2007/08 ACTIVITY GOALS

- Evaluation of the fire and emergency medical service levels in Morgan Hill
- Continue development of sub regional fire protection plan.
- Maintain response times of less than 8 minutes 90% of the time or better
- Offer First Aid, CPR, and other training to City employees on an as-needed basis
- Improve communication and effectiveness with SCCFD on better realizing the fire inspection fee revenues.

FINANCIAL COMMENTS

The primary component of this activity is the City's contract with the SCCFD. Contract expenses are expected to increase by 6.7% effective October 1, 2007, under the terms of this contract.

In addition, \$25,000 has been included in this budget to continue development of a sub regional fire protection plan. The intent of this study is to develop a service model that would provide residents with the same level of fire and emergency medical services at a lower cost, or an expanded level of services without increasing City costs.

In FY 2005/06, the City implemented fire inspection fees in accordance with the Council's Sustainable Budget Strategy. However, initial revenue estimates provided by SCCFD have not been realized. For example, in FY 2006/07, the City projected receiving \$200,000 in fire inspection fees but based on activity to date, Staff is now projecting to receive only about half of this amount, or \$102,000. Therefore, the City is proposing to reduce the anticipated revenue in FY 2007/08 to \$110,000 and Staff will be working with SCCFD to identify possible alternatives to boost this revenue source.

Fire Administration [010-3510]

		04/05 Actuals	05/06 Actuals	06/07 Current Budget	06/07 Estimated Year-End	07/08 Proposed Budget
42231	CONTRACT SERVICES	4,194,372	4,327,251	4,552,132	4,552,135	4,843,341
42250	ADVERTISING	112	119	150	150	150
42254	POSTAGE & FREIGHT	-	10	120	120	120
42299	OTHER EXPENSE	-	33,981	26,973	2,000	25,000
	Supplies Total	4,194,484	4,361,361	4,579,375	4,554,405	4,868,611
Fire Ad	ministration Total	4,194,484	4,361,361	4,579,375	4,554,405	4,868,611

Employee Assistance Program [240-2610]

ACTIVITY DESCRIPTION

This fund, established in FY 2002/03, supports various employee financial assistance programs. The FY 2007/08 budget includes funding for the employee computer loan program. Through this program, an employee may borrow up to \$2,000 to purchase a computer system for home use. The employee repays the City's through payroll deductions.

FY 2006/2007 Highlights

Distributed approximately \$24,750 in loans for employee home computer purchase Disbursed \$50,000 for employee home purchase down payment assistance

FY 2007/08 ACTIVITY GOALS

- Promote the availability of home computer loans for employees
- Target first time loan applicants
- · Review and update computer loan administrative policy

FINANCIAL COMMENT

Total funding that was established in FY 2002/03 was \$40,000. The funds were available to employees on a revolving basis. Future loans will be made from the repayments of previous loans. The first year of the computer loan program, FY 2002/03, disbursed 28 loans for a total of \$46,280. Since that year, \$113,517 has been disbursed for 92 separate loans. We anticipate an additional 15 loans for FY 2007/08.

PERFORMANCE MEASURES

Measure		FY 04/05	FY 05/06	Estimated FY 06/07	FY 07/08
Number of computer loans	Goal	24	30	18	15
	Projected or Actual	23	16	15	
Loan dollars disbursed	Goal				\$ 30,000
	or Actual	\$ 41,348	\$ 28,362	\$ 24,749	
Average loan per employee	Goal				\$ 2,000
	or Actual	\$ 1,798	\$ 1,773	\$ 1,375	

Employee Assistance Program [240-2610]

		04/05 Actuals	05/06 Actuals	06/07 Current Budget	06/07 Estimated Year-End	07/08 Proposed Budget
42605	COMPUTER LOAN PROGRAM	40,198	28,362	35,000	16,749	30,000
42606	HOUSING ASSISTANCE PROGF	-	-	50,000	50,000	
	Supplies Total	-	28,362	85,000	66,749	30,000
Employ	ee Assistance Total	-	28,362	85,000	66,749	30,000

Information Systems [730-2520]

ACTIVITY DESCRIPTION

This activity manages information technology planning and technical support for global City operations. Equipment supported includes approximately 190 personal computers and laptops, 16 servers, and associated peripheral equipment required to sustain the City's local and wide area networks, electronic mail, remote access to City computers, and Internet access,.

The City's Information Technology Management Committee, which has representatives from all core City sites, works with a contracted firm to ensure the reliability of the City's data processing systems and to plan for future City information technology needs.

FY 2006/07 HIGHLIGHTS

- Monitored contract compliance and customer satisfaction for contractor.
- Replaced major switches at all city facilities.
- Participated in Countywide IT Leadership Forum on a monthly basis.
- Converted City e-mail system from GroupWise to Outlook
- Placed IT resources in operation at new recreation center

FY 2007/08 WORKPLAN

· Implement new solution to the provision of IT services

FY 2007/08 ACTIVITY GOALS

- Purchase and install new solution to backing up essential data
- Explore opportunities for virtualization and reduced energy consumption at data centers
- Upgrade City's productivity suite from Office XP to Office 2007

FINANCIAL COMMENTS

The Information Services budget is an Internal Service Fund. Operating costs are charged to the departments based on the number of computing devices and peripherals in each department. The Proposed budget includes funding judged adequate to support either contracting for outside support service or bringing the services into the City.

Information Systems [730-2520]

	04/05 Actuals	05/06 Actuals	06/07 Current Budget	06/07 Estimated Year-End	07/08 Proposed Budget
41100 SALARIES - GENERAL	24,887	23,878	25,534	25,672	26,636
41320 SALARIES - OTHER PAYOUT	681	1,223	2,200	2,200	
41560 UNEMPLOYMENT INSURANCE	29	60	47	49	-
41620 RETIREMENT - GENERAL	1,888	3,052	3,767	3,418	3,615
41690 DEFERRED COMPENSATION	1,210	1,259	1,277	1,286	1,332
41700 GROUP INSURANCE	1,431	1,475	1,488	1,592	1,547
41701 MEDICARE	315	346	402	355	388
41730 INCOME PROTECTION INS	331	335	273	336	273
41760 WORKERS COMP	930	747	1,048	1,079	471
41799 BENEFITS	-	125	-	125	120
Salaries Total	31,700	32,501	36,036	36,112	34,382
42231 CONTRACT SERVICES	164,014	41,756	17,000	17,000	13,950
42245 COMPUTER HARDWARE-NON CAPITAL	4,004	2,755	11,764	40,000	5,000
42246 COMPUTER SOFTWARE-NON CAPITAL	3,816	1,948	12,000	2,500	60,749
42247 CONTRACT IS SERVICES	-	102,500	200,000	200,000	300,000
42248 OTHER SUPPLIES	27,129	13,110	5,000	1,000	500
42250 ADVERTISING			-		
42252 PHOTOCOPYING				10	10
42254 POSTAGE & FREIGHT	-	19	10	10	
42299 OTHER EXPENSE	111	-	-	6,000	
42408 TRAINING & EDUCATION	-	34	2,000	500	12,000
42415 CONFERENCE & MEETINGS	97	236	175	100	200
42601 DEPRECIATION EXPENSE	62,240	-	-		
Supplies Total	261,412	162,357	247,949	267,120	392,409
43840 COMPUTER EQUIPMENT	-	11,329	25,002	10,000	15,000
43845 COMPUTER SOFTWARE	-	50,693	57,354	52,354	
Capital Total	-	62,022	82,356	62,354	15,000
45003 GENERAL LIABILITY INSURANCE	175	1,087	1,071	1,071	407
45004 BUILDING MAINT - CURRENT SERVICES	2,232	2,089	1,777	1,777	2,246
45005 BUILDING MAINT - FUTURE REPLACEME	-	-	364	364	207
ISF Total	2,407	3,176	3,212	3,212	2,860
Information Systems Total	295,519	260,057	369,554	368,798	444,651

Unemployment Insurance [760-8230]

ACTIVITY DESCRIPTION

The Human Resources Department manages the unemployment insurance (UI) activity and budget. Working in conjunction with the State Employment Development Department, the Human Resources Department evaluates claims for benefits in an effort to manage the City's liability in this area.

The City has chosen the self-insured method as the most cost-effective way to manage the City's unemployment insurance costs; therefore, the City reimburses the State for actual costs incurred for the payment of UI benefits. The State bills the City quarterly so payment to the qualified former employee actually precedes the City's reimbursement to the State.

FINANCIAL COMMENTS

The budget for this activity for unemployment claims is reduced for this fiscal year because the number of claims is anticipated to decrease slightly during the FY 2007/08 year. The maximum weekly unemployment benefit amount (\$450) is not expected to increase in 2007/08.

Unemployment Insurance [760-8230]

		04/05 Actuals	05/06 Actuals	06/07 Current Budget	06/07 Estimated Year-End	07/08 Proposed Budget
42542	CLAIMS - UNEMPLOYMENT	44,796	9,429	44,445	15,000	35,000
	Supplies Total	44,796	9,429	44,445	15,000	35,000
Unemp	loyment Insurance Total	44,796	9,429	44,445	15,000	35,000

Workers' Compensation [770-8220]

ACTIVITY DESCRIPTION

The Human Resources Department has primary responsibility for the City's workers' compensation program. The City is self-insured for this employee benefit. Each department pays a portion of the program's cost based on gross wages and level of risk for the various job classifications within the department.

The City is responsible for the first \$250,000 of each claim and has an excess insurance policy from that level up to \$5,000,000. The City belongs to excess insurance joint powers authority called Local Agency Workers' Compensation Excess Insurance (LAWCX) for the purpose of pooling for excess insurance. A third party administrator, Athens Administrators, handles day-to-day workers' compensation claim administration.

FY 2007/08HIGHLIGHTS

- Held regular City Safety Committee meetings and continued regular safety training
- Conducted an evacuation drill at each site
- Continued to contain number of injuries and total cost of claims

FY 2007/08 ACTIVITY GOALS

- Provide City employees with safe work practice information, with the goal of reducing work place injuries
- Maintain an assertive position in monitoring the activities of the third party administrator to close cases as soon as is appropriate
- Develop the 2007 Safety Plan of Action
- Provide OSHA required training to the appropriate employees

FINANCIAL COMMENTS

Workers' comp claims expenses have dropped during FY 2006/07 for the third year in a row. It is anticipated the practice of proactive safety training and education and a close monitoring of all claims will maintain lower claims' costs during FY 2007/08. Workers' compensation weekly temporary disability payments increased from the present \$840 per week to \$881.66 on 1/1/07.

Workers' Compensation [770-8220]

PERFORMANCE MEASURES

Measure		FY 04/05	FY 05/06	Estimated FY 06/07	FY 07/08
Number of claims involving	Goal		5	5	5
temporary disability benefits	Projected or Actual	8	5	7	
Number of lost work days due to	Goal		100.0	90.0	75.0
temporary disability	Projected or Actual	234.0	90.5	80.0	
Average time to bring an injured	Goal		14.3	12.0	8.0
employee off temporary disability	Projected or Actual	23.4	9.0	8.0	
Workers Compensation claims	Goal		\$ 125,000	\$ 110,000	\$ 110,000
expense - total	Projected or Actual	\$ 223,456	\$ 104,805	\$ 110,000	
Workers compensation temporary	Goal		\$ 40,000	\$ 37,500	\$ 30,000
disability (lost work days) expense	Projected or Actual	\$ 60,088	\$ 19,252	\$ 20,000	
Work Compensation permanent	Goal		\$ 56,900	\$ 50,000	\$ 75,000
partial disability expense	Projected or Actual	\$ 169,340	\$ 63,992	\$ 50,000	

Workers' Compensation [770-8220]

		04/05 Actuals	05/06 Actuals	06/07 Current Budget	06/07 Estimated Year-End	07/08 Proposed Budget
42221	INSURANCE PREMIUMS	150,220	137,056	146,000	140,000	145,000
42231	CONTRACT SERVICES	44,012	35,805	42,600	42,600	40,000
42236	BANK CARD SERVICE FEES	-	4	-		-
42244	STATIONERY & OFFICE SUPPLIE	-	-	500	500	500
42252	PHOTOCOPYING	36	14	100	100	100
42299	OTHER EXPENSE	82	5,284	10,000	12,500	20,000
42408	TRAINING & EDUCATION	12	191	500	500	-
42409	CITY-WIDE TRAINING	-	-	7,500	1,000	1,000
42415	CONFERENCE & MEETINGS	7	-	500	-	-
42435	SUBSCRIPTION & PUBLICATION	837	640	1,000	1,000	1,000
42545	CLAIMS - WORKER'S COMP	439,074	190,907	300,000	250,000	200,000
	Supplies Total	634,279	369,900	508,700	448,200	407,600
Worker	s' Comp Total	634,279	369,900	508,700	448,200	407,600

Equipment Replacement [790-8500]

ACTIVITY DESCRIPTION

The Equipment Replacement Fund provides a mechanism for the City to budget and fund future replacement of vehicles. Each department that uses City vehicles is charged an annual fee based on future replacement costs and the useful life for each vehicle. This program continues to provide a basis for the City to plan for and achieve incremental costs related to vehicle replacement so as to smooth fluctuations in the City budget in any given fiscal year.

In FY 2007/08, the Finance Department will continue to provide a budgetary planning tool for departments including calculation of salvage values, serviceable life spans, accounting replacement contribution, and interest distribution. These tracking tools will be updated periodically. The Fleet Management Committee will work to increase coordination between departments in managing their equipment and vehicles.

FINANCIAL COMMENTS

For FY 2007/08, staff has identified excess available reserves available in this fund. Some departments will receive one-time reductions in replacement charges. These reductions in charges will not affect the City's ability to replace vehicles as needed. Pre-funding of vehicle replacement provides for a measure of budget predictability, insures timely replacement which enhances safety and efficiency, and reduces the need for deficit spending based on a large capital outlay in any given fiscal year. For FY 2007/08 the following equipment are proposed to be replaced:

					Source of Funds				
		E	stimated	Fund 790 -		D	epartment		
Number		Р	urchase	(r	eplacement	0	perations		
of Units	Description of Equipment		Price		Price fund)		fund)		Budget
1	CIP Engineering Truck	\$	20,000	\$	20,000				
1	CIP Engineering Truck (add'l vehicle)	\$	20,000	\$	15,600	\$	4,400		
1	Streets Truck	\$	38,000	\$	38,000				
1	Streets Paint Rig	\$	80,000	\$	80,000				
1	Streets Asphalt Roller	\$	34,000	\$	34,000				
1	Water Truck (add'l vehicle)	\$	20,000	\$	20,000				
3	Police Vehicles	\$	95,000	\$	95,000				
9	TOTALS	\$	307,000	\$	302,600	\$	4,400		

Equipment Replacement [790-8500]

		04/05 Actuals	05/06 Actuals	06/07 Current Budget	06/07 Estimated Year-End	07/08 Proposed Budget
42236	BANK CARD SERVICE FEES	-	2	-		
42248	OTHER SUPPLIES	-	1,649	-		
42601	DEPRECIATION EXPENSE	248,994	-	-		
	Supplies Total	248,994	1,651	-	-	-
43830	AUTO/TRUCKS	-	281,415	818,678	700,000	432,060
	Capital Total	-	281,415	818,678	700,000	432,060
45003	GENERAL LIABILITY INSURANCI	-	1,000	1,000	1,000	-
45010	GF ADMIN	1,573	1,571	-	-	-
	ISF Total	1,573	2,571	1,000	1,000	-
49260	TRANSFER OUT-GENERAL LIAB	-	-	-	9,807	-
	Transfer Total	-	-	-	9,807	-
Equipm	ent Replacement Total	250,567	285,637	819,678	710,807	432,060

General Liability [795-8210]

ACTIVITY DESCRIPTION

The City purchases liability/property insurance through the Association of Bay Area Governments (ABAG) PLAN. The City is a member of ABAG PLAN for coverage of liability risks associated with City operations, including the Redevelopment Agency. This provides a pool of liability/property coverage distributed among 31member municipalities.

The liability program offers broad-form coverage, contractual liability, and personal injury. Under this program, the City is currently self-insured for the first \$100,000 of any liability claim and is covered for up to \$20,000,000 in costs for each claim. Responsibility for claims administration is provided by ABAG PLAN.

The ABAG PLAN property program offers a single, all-risk policy covering buildings and contents, boilers and machinery, data processing, vehicles and other coverage. The program carries a \$5,000 deductible per loss, except that there is a \$10,000 deductible for each vehicle loss. ABAG support services include risk management, claims administration, actuarial studies, loss control training, financial and other administrative services, and comprehensive legal defense.

FY 2006/07 HIGHLIGHTS

- Implemented the Risk Management and Safety Committee, comprised of Senior Executive Staff.
- City Council adopted the Resolution approving a Risk Management Plan.

FY 2007/08 ACTIVITY GOALS

- City operations will continue to emphasize safety issues and best business practices to minimize situations that require insurance claims.
- The City, through its staff Risk Management and Safety Committee, will continue to work with Bickmore Risk Services, consultant to ABAG PLAN, to implement best practices procedures for risk management, and will meet the minimum risk management program threshold ABAG PLAN has set for its member cities.

FY 2007/08 WORKPLAN

- Determine feasibility, scope, financial and legal aspects of a sewer backflow device ordinance and implement, if feasible.
- Evaluate feasibility of implementing a sidewalk liability ordinance and implement, if feasible.
- Evaluate current City vehicle liability practices and policies and implement any feasible improvements.

FINANCIAL COMMENTS

The City is able to manage its risk through a shared pool of liability coverage with other similar legal entities through the ABAG PLAN. This enhances efficiency as ABAG is very familiar with the types of issues that confront local government and the appropriate response to these situations.

General Liability [795-8210]

PERFORMANCE MEASURES

				Estimated	
Measure		FY 04/05	FY 05/06	FY 06/07	FY 07/08
Percent of claims responded to	Goal	100%	100%	100%	100%
within statutory time frame of					
45 days: through rejection or					
through proposed resolution	Projected				
	or Actual	95%	97%	81%	
Number of claims filed against					
the City of Morgan Hill	Goal	N/A	30	20	25

General Liability [795-8210]

		04/05 Actuals	05/06 Actuals	06/07 Current Budget	06/07 Estimated Year-End	07/08 Proposed Budget
42217	SURETY BOND	736	737	800	800	800
42219	GENERAL LIABILITY INS	267,514	275,389	250,000	280,419	280,419
42220	PROPERTY INSURANCE	37,213	42,656	45,000	49,815	49,815
42231	CONTRACT SERVICES	-	-	69,500	69,550	69,550
42254	POSTAGE & FREIGHT	-	-	-		-
42415	CONFERENCE & MEETINGS	-	(28)	-		-
42539	CLAIMS FOR DAMAGES	166,250	60,532	100,000	100,000	100,000
42540	PROPERTY CLAIM	21,103	13,445	25,000	50,000	50,000
	Supplies Total	492,816	392,731	490,300	550,584	500,584
49250	TRANSFER OUT-790 (EQUIP RE	-	9,807	-	-	-
	Transfer Total	-	9,807	-	-	-
Genera	Liability Insurance Total	492,816	402,538	490,300	550,584	550,584

